

MARKET PRICE DEFINED

For purposes of this program, market price refers to the mid-morning (11:00 a.m.) Iowa Minnesota plant practical top (as quoted on the D.T.N.) on a three-day average prior to the kill date plus (+) \$1.00/cwt.

Example (for hogs killed on Friday):

Tuesday quote	\$47.50 - 48.00	F. 47.00 (pract. top 48.00)
Wednesday quote	\$46.50 - 47.50	F. 48.00 (pract. top 47.50)
Thursday quote	\$47.00 - 48.00	F. 46.50 (pract. top 48.00)

Market price (based on three-day average) is: $\$47.83 + 1.00 = \48.83

All prices referenced herein are for plant-delivered market hogs at Morrell's facilities at either Sioux Falls, South Dakota, or Sioux City, Iowa. Destinations and delivery dates must be approved by Morrell prior to each delivery. Morrell reserves the right to direct the delivery of hogs to facilities other than the one facility referenced to on Participation Agreement as "primary delivery facility" at any time, in which event Morrell will adjust the price payable hereunder to fully compensate the producer for any difference in freight charges incurred.

Prices under this program will be determined in conjunction with the carcass merit program of Morrell in effect at the time of delivery. Morrell reserves the right to modify its carcass merit program at any time during the term to respond to changes in industry standards, product marketability, and advances in evaluation procedures.

THE PRODUCER'S OBLIGATIONS

Producers who participate in this program agree to permit a licensed veterinarian approved by Morrell to inspect and supervise their hog production operations, to use and administer all applicable drugs properly and to adhere to the prescribed withdrawal procedures thereto. Producer must make John Morrell & Co. aware of his or her delivery intentions for the week no later than 4:00 p.m. Thursday of the week prior. Producer must deliver production on an evenly distributed level throughout the year.

TERMINATION

The producer's right to participate in this program will expire at the end of the contract term. Renewal or extension of the contract term may occur only with the written consent of John Morrell & Co. and the producer.

Morrell reserves the right to terminate a producer's right to participate in this program before the end of the contract period if the producer defaults in his obligation to deliver 100% of his marketable production of market hogs or if he otherwise fails to perform any material obligation hereunder. Morrell may also discontinue this program at any time if Morrell should permanently withdraw from the